



PUBLIC NOTICE

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45 L Street NE
Washington, DC 20554

News Media Information 202 / 418-0500
Internet: <https://www.fcc.gov>
TTY: 1-888-835-5322

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WIRELINE COMPETITION BUREAU AND OFFICE OF ECONOMICS AND ANALYTICS ANNOUNCE RESULTS OF 2022 URBAN RATE SURVEY FOR FIXED VOICE AND BROADBAND SERVICES, POSTING OF SURVEY DATA AND EXPLANATORY NOTES, AND REQUIRED MINIMUM USAGE ALLOWANCE FOR ELIGIBLE TELECOMMUNICATIONS CARRIERS

WC Docket No. 10-90

By this Public Notice, the Wireline Competition Bureau (Bureau) and the Office of Economics and Analytics (Office) announce the 2022 reasonable comparability benchmarks for fixed voice and broadband services for eligible telecommunications carriers (ETCs) that are subject to broadband public interest obligations. These ETCs include incumbent local exchange rate-of-return carriers, incumbent price-cap carriers that are receiving Connect America Fund (CAF) Phase II support, Rural Broadband Experiment providers, CAF Phase II Auction (Auction 903) winners, and Rural Digital Opportunity Fund Auction (Auction 904) winners.¹ In addition, we announce the posting of the fixed voice and broadband services data collected in the most recent urban rate survey, and explanatory notes regarding the data, on the Commission's website at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>. The Bureau and Office also announce the required minimum usage allowance for ETCs subject to public interest obligations for fixed broadband.

Voice Rates. Based on the survey results, the 2022 urban average monthly rate is \$35.05.² Therefore, the reasonable comparability benchmark for voice services, two standard deviations above the urban average, is \$52.65.³ Under the Commission's rules, each ETC, including competitive ETCs providing fixed voice services,⁴ must certify in the FCC Form 481 filed no later than July 1, 2022, that the pricing of its basic residential voice services is no more than \$52.65.⁵

¹ See *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663 (2011) (*USF/ICC Transformation Order*), *aff'd sub nom*, *In re: FCC 11-161*, 753 F.3d 1015 (10th Cir. 2014); *Rural Digital Opportunity Fund*, WC Docket No. 19-126, *Connect America Fund*, WC Docket No. 10-90, Report and Order, 35 FCC Rcd 686, 707, para. 42 (2020).

² The *USF/ICC Transformation Order* defined the average urban rate to include local end-user rates plus state regulated fees (specifically, state subscriber line charges (SLCs), state universal service, and mandatory extended area service charges). *USF/ICC Transformation Order*, 26 FCC Rcd at 17751, para. 238. The reasonable comparability benchmark for voice services applies to mainland providers and those in Alaska.

³ *Id.* at 17694, para. 84.

⁴ The Bureau has adopted a benchmark only for fixed voice services because "the differences in rate plans and other attributes of fixed and mobile services would make it inordinately difficult to create a unified benchmark" that applied to both fixed and mobile services. See *Connect America Fund*, WC Docket No. 10-90, Order, 28 FCC Rcd 4242, para. 6 (WCB 2014).

Broadband Rates. Recipients of high-cost and/or Connect America Fund support that are subject to broadband performance obligations are required to offer broadband service at rates that are at or below the relevant reasonable comparability benchmark.⁶ Carriers subject to the Alaska Plan are required to meet Alaska-specific benchmarks⁷ and to certify that they are meeting the relevant reasonable comparability benchmark for their broadband service offering in the FCC Form 481 filed no later than July 1, 2022.⁸

Under the approach adopted by the Bureau in 2014, the reasonable comparability broadband benchmark varies, depending upon the supported service's download and upload bandwidths and usage allowance.⁹ Alaska-specific benchmarks were developed in the same manner using data from Alaska carriers serving Alaska urban areas.

The following table provides the 2022 benchmark for a number of different broadband service offerings, though providers will need to determine the benchmark for services with characteristics not shown in the table:¹⁰

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⁵ 47 CFR § 54.313(a)(10); *see also* *USF/ICC Transformation Order*, 26 FCC Rcd at 18046-47, para. 1026. In the *USF/ICC Transformation Order*, the Commission required that as a condition of receiving high-cost support, ETCs must offer voice service in supported areas at rates that are reasonably comparable to rates for similar services in urban areas. *USF/Transformation Order*, 26 FCC Rcd at 17693, para. 81.

⁶ *USF/Transformation Order*, 26 FCC Rcd at 17695, para. 86.

⁷ *Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10149, para. 28 (2016).

⁸ 47 CFR § 54.313(a)(12). The Commission has directed the Bureau to develop an Alaska-specific reasonable comparability benchmark. *See Connect America Fund; Universal Service Reform–Mobility Fund; Connect America Fund–Alaska Plan*, WC Docket Nos. 10-90, 16-271, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 10139, 10149, para. 28 (2016); *Connect America Fund*, WC Docket No. 10-90, Order, 31 FCC Rcd 12086, 12092, para. 21 (2016).

⁹ *Connect America Fund*, WC Docket No. 10-90, Report and Order, 29 FCC Rcd 13485 (WCB 2014).

¹⁰ We emphasize that carriers subject to broadband public interest obligations may offer their customers services other than those meeting the defined benchmark and minimum usage allowance. As long as the carrier offers at least one broadband service plan that meets the relevant metrics, it is free to offer other plans and packages to meet the varying needs of consumers. We note that usage allowance requirements do not apply to those areas that rely exclusively on satellite backhaul. *See USF/ICC Transformation Order*, 26 FCC Rcd at 17699-700, para. 101; *see also* 47 CFR § 54.313(g).

Download Bandwidth (Mbps)	Upload Bandwidth (Mbps)	Capacity Allowance (GB/mo)	2022 U.S. Benchmark	2022 AK Benchmark
4	1	500	\$65.37	\$87.03
4	1	Unlimited	\$70.21	\$96.56
10	1	500	\$73.12	\$115.17
10	1	Unlimited	\$77.97	\$124.70
25	3	500	\$71.09	\$121.63
25	3	Unlimited	\$75.93	\$131.16
50	5	500	\$77.96	\$126.85
50	5	Unlimited	\$82.96	\$136.53
100	20	500*	\$100.74	\$147.18
100	20	Unlimited	\$105.67	\$156.79
1000	500	500*	\$131.33	\$180.64
1000	500	Unlimited	\$134.62	\$188.61
25	5	500	\$71.07	\$121.63
25	5	Unlimited	\$75.91	\$131.16
100	10	Unlimited	\$105.21	\$156.34
250	25	Unlimited	\$120.12	\$175.59
500	50	Unlimited	\$124.20	\$181.21
1000	100	Unlimited	\$134.65	\$188.67

*As noted below, the minimum usage allowance for carriers receiving support from the Rural Digital Opportunity Fund is 2 Terabytes (TB) for the Above-Baseline and Gigabit tiers.

To facilitate benchmark calculations, the Office will post an Excel file with a tool in which providers can enter the relevant variables to determine the benchmark for specific service characteristics at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>.

Minimum Usage Allowance. Under the *USF/ICC Transformation Order* and subsequent orders, ETCs subject to broadband public interest obligations must provide broadband with usage allowances reasonably comparable to those available through comparable offerings in urban areas.¹¹ The Commission delegated to the Bureau the task of setting a specific minimum usage allowance and stated that the minimum should be adjusted over time.¹² For the reasons explained below, the Bureau adopts a minimum monthly usage allowance of 500 GB for 2022.

In the 2016 *Rate-of-Return Reform Order*, the Commission specified that the required minimum usage allowance for rate-of-return carriers receiving model-based support would be 150 GB per month, or a usage allowance reflecting the average usage of a majority of fixed broadband customers, using Measuring Broadband America (MBA) data or a similar data source, whichever is higher.¹³ The usage allowance adopted by the Commission for the baseline performance tier is: 150 GB per month, or a usage allowance that reflects the average usage of a majority of fixed broadband customers, using MBA data or a similar data source, whichever is higher.¹⁴ However, the minimum usage allowance for carriers

¹¹ See *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99. See 47 CFR §§ 54.308(a), 54.309(a).

¹² *USF/ICC Transformation Order*, 26 FCC Rcd at 17699, para. 99.

¹³ *Connect America Fund et al.*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3099, para. 27 (2016). See 47 CFR § 54.308(a)(1).

receiving support from the Rural Digital Opportunity Fund is the greater of 250 GB or the average usage calculated by the Bureau for the Minimum and Baseline tiers and 2 Terabytes (TB) for the Above-Baseline and Gigabit tiers.¹⁵

MBA usage data for 2021 shows an average of 365 GBs per month, with 409 GBs per month in the third quarter. However, MBA data may not fully represent the current average usage among a majority of fixed broadband customers. MBA data show the same increasing trend in usage as other national average sources but have consistently shown lower numbers. This is likely because the MBA was designed to measure performance, not usage, and may not contain a representative sample of broadband customers, such as cord-cutters, i.e., those that receive all video programming via the Internet rather than cable or satellite subscription services, customers in rural areas, or customers served by small providers.¹⁶

Therefore, we look to “a similar data source.” Specifically, OpenVault, which aggregates data for the broadband and financial industries, stated in its Broadband Insights Report that Internet usage in the first quarter of 2021 was 461.7 GB.¹⁷ Mark Trudeau, founder and CEO of OpenVault, predicts that average broadband consumption per household will be approximately 600-650 GBs by the end of 2021.¹⁸ Charter, a large broadband provider, finds that its broadband-only customers use an average of 700 GB of data per month,¹⁹ with 20% of its customers exceeding 1 TB of usage every month.²⁰ With average usage reports of 409 and 461.7 GB during 2021, the likelihood of continued increases now and into next year, and the higher Internet usage by broadband-only subscribers, we find that 500 GB is a reasonable minimum monthly usage allowance for 2022.

For further information, please contact Suzanne Yelen, Telecommunications Access Policy Division, Wireline Competition Bureau, at (202) 418-7400 or (202) 418-0484 (TTY), or at suzanne.yelen@fcc.gov.

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¹⁴ *Connect America et al.*, Report and Order and Further Notice of Proposed Rulemaking, 31 FCC Rcd 5949, 5959-60, para. 25 (2016). See 47 CFR § 54.309(a)(2)(ii).

¹⁵ *Rural Digital Opportunity Fund*, WC Docket No. 19-126, Connect America Fund, WC Docket No. 10-90, Report and Order, 35 FCC Rcd 686, 702-03, para. 31 (2020).

¹⁶ Staff analysis of MBA data. See FCC, *Measuring Fixed Broadband* (Mar. 21, 2021), <https://www.fcc.gov/general/measuring-broadband-america-measuring-fixed-broadband> (Measuring Broadband America data and reference materials).

¹⁷ Alan Breznick, OpenVault: Higher broadband use emerging as new normal (June 1, 2021), <https://www.lightreading.com/cable-tech/openvault-higher-broadband-use-emerging-as-new-normal/d/d-id/769915>.

¹⁸ Sara Fischer, The massive jump in broadband usage won't be going away after the pandemic ends, AXIOS (May 4, 2021), https://www.yahoo.com/now/the-120219824.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLnNvbS8&guce_referrer_sig=AQAAANvvHLSlc6Wfoo2P8u7WcdnERieuqOKx0Wcs5U98a0D2PYx_2VIj_P3a-VY3NYgCR6OcfXqmPkg5pDePPngAvHNZhH9MCA-yCMcafZfsyktWw9na-3j3ZuA29kX_z8n17rs9EP_vLTfP8terJioPLdUChQ9KGy7mlkcFX6NA_6D.

¹⁹ Daniel Frankel, Charter Says Broadband-only Customers Are Now Using 700 GB of Data Per Month, NEXT/TV (Mar. 8, 2021), <https://www.nexttv.com/news/charter-says-broadband-only-customers-are-now-using-700-gb-of-data-per-a-month>.

²⁰ Phillip Dampier, 20% of Charter Spectrum Customers Now Exceed 1 TB of Usage Every Month, Stop the Cap! (Apr. 30, 2021), <https://stopthecap.com/2021/04/30/20-of-charter-spectrum-customers-now-exceed-1-tb-of-usage-every-month/>.